

REMARKS OF
HENRY A. WAXMAN,
CHAIRMAN,
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
BEFORE
THE WASHINGTON BUSINESS GROUP ON HEALTH
JUNE 24, 1982

I AM PLEASED TO BE ABLE TO JOIN YOU FOR YOUR ANNUAL CONFERENCE. AS YOU KNOW, THIS MEETING IS AN ESPECIALLY TIMELY ONE, FOLLOWING AS IT DOES UPON THE WEEKS OF DEBATE ON THE 1983 BUDGET RESOLUTION. THE NUMBERS THAT HAVE BEEN AGREED UPON FOR HEALTH PROGRAMS ARE NIGHTMARES FOR THOSE OF US WHO MUST NOW TRY TO COME UP WITH LEGISLATION TO MAKE THE HUMAN CUTS TO MATCH THE DOLLAR CUTS.

BUT I AM GLAD TO HAVE THE CHANCE TO DISCUSS THOSE NUMBERS AND POLICIES WITH THE HEALTH CARE EXPERTS OF THE NATION'S MAJOR CORPORATIONS, BECAUSE I BELIEVE THESE LEGISLATIVE PROPOSALS (AND OTHERS THAT ARE MASQUERADING AS BUDGET OR REGULATORY MATTERS) WILL AFFECT NOT ONLY THE POOR AND THE ELDERLY--WHO ARE THEIR DIRECT TARGETS--BUT ALL PURCHASERS OF HEALTH CARE, INCLUDING BUSINESS. I AM AFRAID THAT TOO OFTEN BUSINESS LEADERS CONCERN THEMSELVES WITH THE DEFICIT AND WITH OVERALL TOTALS, WITHOUT RECOGNIZING THAT INDIVIDUAL BUDGET CUTS MAY END UP FORCING THE PRIVATE SECTOR TO PAY FOR WHAT THE PUBLIC SECTOR CAN PROVIDE MORE EFFICIENTLY.

THE WASHINGTON BUSINESS GROUP ON HEALTH HAS RECOGNIZED SUCH MUTUAL INTERESTS IN THE ONGOING DEBATE ON HEALTH PLANNING. I APPRECIATE THE LEGISLATIVE SUPPORT YOU HAVE SHOWN ON THIS ISSUE. I

WOULD LIKE TO THANK WILLIS GOLDBECK IN PARTICULAR FOR HIS LEADERSHIP²
AND WORK. I HOPE THAT AS THE DISCUSSIONS OF HEALTH BUDGETS PROCEED
DURING THE YEAR THAT WE CAN WORK TOGETHER OFTEN.

TO UNDERSTAND WHAT SOME OF THESE DISCUSSIONS WILL BE ABOUT, I
THINK THAT IT WOULD BE USEFUL TO LOOK BACK AT BOTH OF THIS YEAR'S
DEBATES IN THE HOUSE ON THE BUDGET RESOLUTION.

DURING THE FIRST BUDGET SESSION--NOW ALMOST A MONTH AGO--THE FULL
HOUSE CONSIDERED SEVEN DIFFERENT BUDGETS WITH AS MANY AS SIXTY-EIGHT
AMENDMENTS TO EACH. OF THOSE SEVEN, THERE WERE THREE PROPOSALS GIVEN
A REAL CHANCE TO PASS, EACH WITH A DIFFERENT FOCUS FOR THE TAX,
MILITARY, AND DOMESTIC PROGRAMS OF THE ENTIRE FEDERAL GOVERNMENT:

- * THE PROPOSAL BY CONGRESSMAN JONES, THE CHAIRMAN OF THE HOUSE
BUDGET COMMITTEE, MADE CUTS OF \$12.7 BILLION IN HEALTH PROGRAMS
OVER THREE YEARS.

- * THE PROPOSAL OF CONGRESSMAN ASPIN CUT \$11.8 BILLION FROM THE
PROGRAMS OVER THE SAME PERIOD.

- * AND THE REAGAN-BACKED PROPOSAL OF CONGRESSMAN LATTA CUT AN
UNBELIEVABLE \$27.5 BILLION.

MOST OF THESE CUTS WERE TO HAVE COME OUT OF THE MEDICARE PROGRAM.

TO THOSE OF US WHO HAVE BEEN IN THE CONGRESS FOR SOME YEARS, MUCH

OF THE DISCUSSION OF THE MEDICARE PROGRAM PROVIDED A STRANGE REVERSAL OF RHETORIC. TWO YEARS AFTER PRESIDENT CARTER'S HOSPITAL COST CONTAINMENT BILL WENT DOWN TO DEFEAT BECAUSE OF LACK OF SUPPORT IN THE CONGRESS--PARTICULARLY AMONG REPUBLICANS--SUDDENLY CONSERVATIVE REPUBLICANS WERE SAYING THAT HEALTH CARE COSTS ARE OUT OF CONTROL AND THAT THEY WERE PROPOSING DRASTIC HOSPITAL-COST CONTAINMENT CONTROLS AS PART OF THEIR NEW BUDGET.

THE RANKING REPUBLICAN ON THE BUDGET COMMITTEE SAID, AND I QUOTE, "WHAT DO WE PROPOSE? THE ADMINISTRATION HAS PROPOSED HOSPITAL COST CONTAINMENT.... THESE MEDICARE COSTS HAVE GONE OUT OF SIGHT, AND THEY HAVE TAKEN COSTS TO OTHERS USING HOSPITALS WITH THEM.... IS THERE ANYTHING WRONG WITH TRYING TO GET A HANDLE ON THESE SKY-ROCKETING COSTS? I DO NOT THINK SO."

HE WENT ON TO ASSERT THAT SINCE ONLY PROVIDERS WERE RESPONSIBLE FOR INCREASES IN HOSPITAL COSTS, ONLY PROVIDERS WOULD FEEL THE \$23-BILLION REDUCTION IN THE MEDICARE PROGRAM.

THE IRONIES OF SUCH A DEBATE WERE APPARENT.

THE QUESTIONS ABOUT WHETHER THE SUPPORTERS OF THE LATTA PROPOSAL WILL ACTUALLY VOTE FOR SUCH STRICT COST CONTROL MEASURES REMAINS. I WOULD NOTE THAT THEIR RECORD OF SUPPORT--OR I SHOULD SAY NON-SUPPORT--FOR HEALTH PLANNING, ONE OF THE FEW PROGRAMS WE HAVE TO ADDRESS THE PROBLEM OF HOSPITAL COSTS, MAKES ME SKEPTICAL OF THEIR COMMITMENT.

WHAT IS OBVIOUS, HOWEVER, IS THAT THE ADMINISTRATION AND THE CONGRESSIONAL REPUBLICANS WERE PROPOSING THAT HEALTH CARE BE CUT BACK AND RATIONED ON THE BASIS OF AGE. THEIR PROPOSAL INCLUDED COST CONTAINMENT ONLY FOR MEDICARE BENEFICIARIES, AND THE REST OF THE COUNTRY COULD CONTINUE ON ITS OWN OVERBEDDED AND OVERUTILIZED WAY.

THE RESULT OF THAT DEBATE IS, I'M SURE, FAMILIAR TO YOU. THERE WAS A BROAD CONSENSUS THAT DEEP CUTS IN MEDICARE WERE NOT ACCEPTABLE, A CONSENSUS THAT WENT A LONG WAY TOWARD DEFEATING THAT FIRST LATTA BUDGET.

THUS, THE DESIGNERS OF THE SECOND LATTA BUDGET--KNOWN AS LATTA TWO--FACED A DIFFICULT PROBLEM: ON THE ONE HAND, THEY WANTED TO PROTECT LAST YEAR'S TAX CUT AND THEIR DEFENSE SPENDING PROPOSALS AND TO MAINTAIN AN ACCEPTABLE DEFICIT. ON THE OTHER HAND, THEY FACED THIS CONSENSUS AGAINST MEDICARE CUTS, WHICH PUT PRESSURE ON THEIR TAX, DEFENSE, AND DEFICIT TARGETS.

THE SOLUTION IN LATTA TWO WAS INGENIOUS--THEY STILL MADE DEEP BUDGETARY CUTS IN MEDICARE AND OTHER HEALTH PROGRAMS, BUT MANAGED TO OBSCURE THOSE CUTS WITH RHETORIC THAT THEY WEREN'T REALLY CUTS, OR AT LEAST CUTS THAT WOULD HURT ANYONE. THEY PROVIDED A SO-CALLED "RESTORATION" OF THE MEDICARE CUT, BUT STILL SLASHED \$3.2 BILLION FROM MEDICARE, AND FINANCED THAT "RESTORATION" AT THE EXPENSE OF MEDICAID, WHICH WAS TO SUFFER A FURTHER \$1.3 BILLION REDUCTION.

BUT THEIR RHETORIC WAS REASSURING AND POSITIVE, AND THE BUDGET⁵
PASSED.

LET ME BRIEFLY REVIEW SOME OF THOSE ASSURANCES GIVEN TO THE HOUSE
OF REPRESENTATIVES BEFORE THE VOTE ON LATTA TWO.

O MR. LATTA, DISCUSSING HIS BUDGET'S MEDICARE REDUCTIONS, SAID
THAT ". . . THEY WILL NOT BE AFFECTING THE INDIVIDUAL
RECIPIENTS. SO CUTTING IS THE WRONG WORD TO USE."

O A MEMBER OF THE WAYS AND MEANS COMMITTEE ASSURED US THAT "THE
PROPOSAL WE HAVE DOES NOT REQUIRE ANY MEDICARE CUTS FOR
INDIVIDUALS."

O THE RANKING MINORITY MEMBER OF WAYS AND MEANS PROVIDED A LIST
OF PROPOSALS INCLUDED IN THE PLAN THAT ASSURED US THAT "NO
ASSUMPTIONS ARE BEING MADE TO REDUCE OUTLAYS THROUGH DIRECT
INCREASES IN BENEFICIARY COST SHARING."

O HOWEVER, THE RANKING MINORITY MEMBER OF MY SUBCOMMITTEE, MR.
MADIGAN, ACKNOWLEDGED TWO SUCH INCREASES IN COST SHARING -- AN
INCREASE IN THE PART B DEDUCTIBLE, AND THE IMPOSITION OF COST
SHARING ON HOME HEALTH SERVICES.

AT THE SAME TIME, DOCUMENTS WERE CIRCULATING ON THE FLOOR TITLED
"SETTING THE RECORD STRAIGHT" AND ASSURING MEMBERS IN BOLD, UNDERLINED
TYPE "MEDICARE: NO INCREASE IN OUT OF POCKET COSTS." THE RHETORIC

6

WAS NOT LIMITED TO MEDICARE. MEDICAID WAS CUT BY \$1.3 BILLION, INCLUDING MORE THAN \$1 BILLION IN DIRECT FEDERAL MATCHING REDUCTIONS WHICH SIMPLY SHIFT COSTS TO STATES, AND WAS THE SUBJECT OF EQUALLY COMPELLING RHETORIC IN THIS DOCUMENT, WHERE WE SEE, AGAIN IN BOLD, UNDERLINED TYPE: "MEDICAID: NO NEW BURDEN-SHIFTING TO STATES."

THE PROBLEM THAT WE NOW CONFRONT IS THAT THE POSITIVE STATEMENTS ARE NOT MATCHED BY THE PROPOSALS UNDER DISCUSSION. THE CONFERENCE AGREEMENT ADOPTED YESTERDAY BY THE SENATE CUTS MEDICARE BY MORE THAN THREE BILLION DOLLARS AND MEDICAID BY ALMOST SEVEN HUNDRED MILLION DOLLARS. THE DIFFERENCES BETWEEN THE PROMISES AND THE NUMBERS WILL BECOME ALL TOO CLEAR AS WE PROCEED TO DEVELOP LEGISLATION TO MEET THESE SAVINGS TARGETS.

I DO NOT MEAN TO SUGGEST THAT I ADVOCATE RETAINING ALL ASPECTS OF THE PRESENT PAYMENT SYSTEMS. I HAVE LONG SUPPORTED AN OVERALL MOVE TOWARD PROSPECTIVE REIMBURSEMENT SYSTEMS. BUT THE BUDGET RESOLUTION REQUIRES LEGISLATION IN LESS THAN FIVE WEEKS AND REQUIRES THAT WE PRODUCE IMMEDIATE SAVINGS.

WITHIN THIS TIME FRAME, SIGNIFICANT REDUCTIONS IN THE MEDICARE AND MEDICAID PROGRAMS CAN BE PRODUCED IN TWO WAYS: CARE CAN BE REDUCED, AND COSTS CAN BE SHIFTED.

DESPITE ALL THE RHETORIC TO THE CONTRARY, LATTA TWO CONTAINS MANY PROPOSALS THAT WILL ACCOMPLISH BOTH OF THESE ENDS. ELIGIBILITY IS TO BE DELAYED, DEDUCTIBLES INCREASED, CO-PAYMENTS IMPOSED, AND

7

REIMBURSEMENT RATES LOWERED. FEWER PEOPLE WILL GET LESS CARE AND PAY MORE FOR IT OUT OF THEIR OWN POCKETS. AND THE PREMIUMS FOR PRIVATE INSURANCE WILL BEGIN TO REFLECT COSTS THAT HOSPITALS CAN'T GET FROM THEIR MEDICARE AND MEDICAID PATIENTS.

MANY OF THESE REDUCTIONS WILL BE FELT ONLY BY THE ELDERLY AND THE POOR THEMSELVES. MANY OF THESE PEOPLE WILL SIMPLY NOT BE ABLE TO FIND A DOCTOR OR A HOSPITAL TO CARE FOR THEM. IN THE ACCOUNTING SYSTEM OF LATTA TWO, THESE PEOPLE WILL SIMPLY GO "OFF-BUDGET" AND THEIR PROBLEMS ARE NO LONGER OUR PROBLEM.

BUT EVEN IN SUCH A COLD ANALYSIS, MANY OF THESE CUTS WILL NOT QUIETLY GO AWAY.

BECAUSE A GOOD MANY PROVIDERS FEEL SOME RESPONSIBILITY TO CARE FOR THE SICK AND DISABLED AND BECAUSE THE FEDERAL REIMBURSEMENT SYSTEM HAS SUCH A COMMANDING MARKET SHARE, HOSPITALS AND PHYSICIANS MAY CONTINUE TO SEE MEDICARE AND MEDICAID PATIENTS--EVEN AFTER THE FEDERAL PAYMENT FOR THEIR CARE HAS BECOME ALTOGETHER INADEQUATE. THE RESULT WILL BE BAD DEBTS THAT ARE SHIFTED AROUND TO BE PAID BY INSURED AND SOLVENT PAYORS, AND A GREATLY INCREASED NUMBER OF CROSS-SUBSIDIES AND COST-SHIFTS.

YOU--AND THE BUSINESS COMMUNITY YOU REPRESENT--WILL, AS THE PURCHASERS OF OVER A QUARTER OF THE PERSONAL HEALTH CARE IN AMERICA, BECOME RESPONSIBLE FOR AN INCREASING SHARE OF THE COSTS. EXPENSES THAT HOSPITALS CAN'T RECOVER FROM GOVERNMENT PATIENTS MUST BE PASSED

8

THROUGH TO SOMEONE. AS THE FEDERAL GOVERNMENT GIVES UP ONE OR TWO PERCENT OF ITS SHARE OF THE MARKET, YOU WILL BE THE INVOLUNTARY RECIPIENT.

IF THE POOR AND ELDERLY ARE TO RECEIVE HOSPITAL CARE AT ALL, THE PLAIN MESSAGE OF LATTA TWO IS THAT THE PRIVATE SECTOR WILL PAY FOR IT.

YOU MUST UNDERSTAND THAT THIS IS THE MESSAGE OF THE LATTA COST CONTAINMENT PROPOSALS AS WELL, FOR UNLIKE THE CARTER PROPOSALS OF A FEW YEARS AGO, THIS REGULATORY SCHEME IS DESIGNED TO CONTROL COSTS FOR MEDICARE ALONE--A SORT OF "DEVIL-TAKE-THE-HINDMOST" APPROACH TO INFLATION CONTROL.

I WON'T TAKE THE TIME NOW TO ARGUE ABOUT THE RESPONSIBILITIES OF A GOVERNMENT TO CARE FOR THE POOR AND THE SICK.

BUT I WILL SAY THAT WHATEVER YOUR INITIAL VIEW OF AMERICANS' RIGHTS TO HEALTH CARE MAY BE, THE REPUBLICAN BUDGET NOW BEFORE US IS ONE OF THE MOST DAMAGING IMAGINABLE--FOR BOTH PUBLIC PATIENTS AND PRIVATE PAYORS.

AND I MUST REPEAT TO YOU THE POINT THAT I HAVE ARGUED LONG BEFORE THIS ADMINISTRATION EVEN ACKNOWLEDGED THERE WAS A PROBLEM: HEALTH CARE COSTS ARE GROWING TOO MUCH AND TOO QUICKLY. NO PART OF SOCIETY--PUBLIC OR PRIVATE--CAN LONG CONTINUE TO SUPPORT INFLATION RATES THAT APPROACH TWENTY PERCENT. THE REGULATION OF MEDICARE OR PUBLIC COSTS ALONE IS AN INEFFICIENT AND ULTIMATELY INEFFECTIVE WAY TO

9

DEAL WITH THE NATION'S EXPLOSION OF HEALTH COSTS. BUT SOMETHING MUST BE DONE FOR ALL PURCHASERS OF HEALTH CARE AND ALL PATIENTS.

MANY BUSINESSES--AND CERTAINLY ALL OF YOU HERE TODAY--HAVE BEGUN TO RECOGNIZE THAT THESE COSTS ARE DIRECT AND AS MUCH A PART OF YOUR ENTERPRISE AS THE NEGOTIATIONS OVER RAW MATERIALS OR SALES COMMISSIONS. MANY OF YOU HAVE BEGUN FORMING COALITIONS TO MANAGE COSTS AND CARE BETTER.

BUT SINCE NOT EVEN A SELF-INSURER OR AN H.M.O. IS FULLY INSULATED FROM THE IMPACT OF COSTS TO FEDERAL AND INDIVIDUAL PURCHASERS, WE ALL MUST RECOGNIZE OUR COMMON INTEREST IN THE MOST EFFICIENT USE OF OUR PUBLIC AND PRIVATE RESOURCES.

THE FEDERAL CONCERN IS CLEAR: WHEN HOSPITAL INFLATION SHOOTS UP AT A RATE TWICE THAT OF THE CONSUMER INDEX, CURRENT PROGRAMS ABSORB ALL POSSIBLE FUNDS. AS A RESULT, ANY IMPROVEMENTS IN PUBLIC CARE OR COVERAGE ARE STOPPED BEFORE THEY CAN START: THE CHILD HEALTH ASSURANCE PROGRAM, FOR EXAMPLE--PROBABLY A \$2 BILLION PROGRAM, AT MOST, TO IMPROVE THE HEALTH OF CHILDREN ALL ACROSS THE ENTIRE NATION--WAS DEFEATED BECAUSE OF ITS COSTS. MANY OF THE MEDICARE/MEDICAID IMPROVEMENTS PROPOSED IN THE LAST YEAR OF THE CARTER ADMINISTRATION WERE LIKEWISE PUT ASIDE.

INDEED, AS LAST YEAR'S BUDGET RECONCILIATION BILL AND THIS YEAR'S ATTEMPTS AT A BUDGET HAVE SHOWN, INFLATING COSTS IN HEALTH WILL LEAD DIRECTLY TO THE REDUCTION OF EXISTING BENEFITS AND ELIGIBILITY.

OVERBEDDED HOSPITALS ARE QUICKLY TRANSLATED INTO FEWER POLIO SHOTS.

INEFFICIENCIES IN BOND SUBSIDIES MEAN WE CANNOT AFFORD TO TRAIN NURSES.

AND ACCORDING TO THE ESTIMATES OF THE CONGRESSIONAL BUDGET OFFICE, EVERY ONE-PERCENT INCREASE IN HOSPITAL INFLATION COSTS THE FEDERAL GOVERNMENT \$350 MILLION--AS MUCH AS THE ENTIRE MATERNAL AND CHILD HEALTH PROGRAM.

THE PRIVATE INTEREST IS EQUALLY CLEAR: U.S. BUSINESSES ARE ESTIMATED TO HAVE PAID SIXTY BILLION DOLLARS FOR EMPLOYEE HEALTH PLANS IN 1980, AND INSURANCE RATES HAVE SOARED OVER THE PAST TWO YEARS. YOUR ZERO-SUM GAMES ARE PERHAPS MORE SPECIFIC, BUT EQUALLY EASY TO DESCRIBE. FAILURE TO CONTROL HEALTH EXPENSES WILL QUICKLY MEAN AN OPERATING COST TOO HIGH FOR ANYONE WITH PROFIT MARGINS LOWER THAN ATARI OR STEVEN SPIELBURG.

EFFORTS TO CONTROL THE GROWTH IN THESE EXPENSES CAN INVOLVE COMPETITION OR REGULATION OR SOME COMBINATION OF THE TWO.

WE HAVE RECEIVED NO HELPFUL SUGGESTIONS FROM THE ADMINISTRATION.

WE HAVE HEARD MUCH ABOUT THEIR PROPOSALS FOR COMPETITION. BUT

11

NOT ONE CONCRETE SUGGESTION HAS MADE ITS WAY OUT OF THE WHITE HOUSE, AND ALTHOUGH EVERYONE--MYSELF INCLUDED--IS IN FAVOR OF SOME SORT OF COMPETITIVE PROPOSALS FOR THE MEDICAL MARKET, THE SPECIFICS OF ANY PROPOSAL ARE EXTREMELY CONTROVERSIAL, AND MOST ECONOMISTS--INCLUDING THE CONGRESSIONAL BUDGET OFFICE--ARE UNWILLING TO PROJECT ANY SAVINGS UNTIL YEARS AFTER A PROGRAM IS IN PLACE.

BUT UNTIL THE HEALTH MARKET BEGINS TO FUNCTION AS A MARKET WITH ELEMENTS OF COMPETITION, SOME REGULATION IS NECESSARY TO CONTAIN THE RUNAWAY GROWTH OF COSTS.

WITHOUT PROPOSING ANY ALTERNATIVES, HOWEVER, THE ADMINISTRATION IS CONTINUING IN ITS ATTEMPTS TO REMOVE WHATEVER COST-RESTRAINTS WE ALREADY HAVE WITHIN THE SYSTEM. THE WHITE HOUSE HAS PROPOSED AND WORKED FOR THE REPEAL OF HEALTH PLANNING FOR TWO YEARS IN A ROW. IN FACT, SOME OF THE ADMINISTRATION'S RHETORIC ABOUT COMPETITION SUGGESTS THAT FREE-WHEELING EXPANSION IS PREFERRED, AND THAT WHATEVER LEFTOVER BEDS THERE MAY BE ARE SIMPLY THE BYPRODUCT OF THE MARKET (ALTHOUGH UNLIKE A TRUE MARKET, THERE IS A SAFETY NET OF INSURERS AND CONSUMERS TO CUSHION THOSE COMPETITORS WHO ARE OVERBUILT AND UNDERUSED).

THAT STATEMENT HAS NOT GONE UNNOTICED. HEARING THIS INVITATION TO EXPAND AND TO MAKE "HIGH-TECH" PURCHASES, THE HOSPITAL INDUSTRY HAS RESPONDED LIKE A TEENAGER BORROWING QUARTERS IN FRONT OF A PAC MAN MACHINE.

TESTIFYING BEFORE MY SUBCOMMITTEE ONLY A MONTH AGO, MR. GOLDBECK

ON BEHALF OF THE WASHINGTON BUSINESS GROUP WARNED THAT WE ARE ALREADY¹²
BEGINNING TO SEE A "BUILDING BOOM OF UNPRECEDENTED PROPORTIONS."

SIMILARLY, REPRESENTATIVES FROM THE COMMERCIAL HEALTH INSURERS
STATED THE NATION HAD "GREAT REASONS TO FEAR UNRESTRAINED CAPITAL
EXPANSION" AND SUMMARIZED A SURVEY WHICH REVEALED "ALARMING INCREASES"
IN PROPOSED HOSPITAL CAPITAL PROJECTS.

FINALLY, WITNESSES FROM THE STATES PRESENTED DETAILED EVIDENCE OF
AN "EXPLOSION OF CAPITAL EXPANSION" BY THE HOSPITALS AND NURSING HOMES
IN TWENTY STATES.

I DO NOT MEAN TO SUGGEST THAT I THINK THAT ALL RENOVATION AND
CONSTRUCTION PROJECTS ARE BAD. CLEARLY, NO ONE WOULD ARGUE THAT THE
HOSPITALS SHOULD JOIN THOSE OTHER AMERICAN INDUSTRIES THAT HAVE
ALLOWED THEIR PLANTS AND SYSTEMS TO DETERIORATE BELOW PRODUCTIVE
LEVELS. AND THERE ARE CERTAINLY SOME AREAS STILL IN GREAT NEED OF
INCREASED CAPACITY.

BUT I DO MEAN TO SAY THAT THE BUILDING BOOM THAT IS UPON US NOW
DOES NOT RESPOND TO EITHER OF THESE PROBLEMS. INDEED, TO THE EXTENT
THAT THIS UNPLANNED CONSTRUCTION DRAINS ALL CAPITAL AWAY TO BLUE CHIP
HOSPITALS, IT MAKES WORSE THE NEED FOR RENOVATION AND EXPANSION OF
OTHER COMMUNITY FACILITIES.

THE CONGRESS SHOULD MONITOR THIS SITUATION CLOSELY. A RETURN TO
THE RATE OF HOSPITAL CONSTRUCTION AS IT WAS BEFORE THE PLANNING

PROGRAM BEGAN WOULD, WITHIN FIVE YEARS, ADD OVER THREE BILLION DOLLARS ANNUALLY TO THE FEDERAL REIMBURSEMENT PROGRAMS AND WELL OVER TEN BILLION TO THE NATION'S HOSPITAL BILLS.

LIKewise, THE PROSPECTS OF THE REPEAL OR WEAKENING OF THE P.S.R.O. AND UTILIZATION REVIEW PROGRAMS IS CAUSE FOR CONCERN. ANY EFFECTIVE COST CONTAINMENT PROGRAM--PUBLIC OR PRIVATE--MUST INCLUDE AN EFFECTIVE REVIEW OF INDIVIDUAL USES OF HEALTH CARE. BY LIMITING THE PROGRAM NOW IN PLACE, THE ADMINISTRATION IS MAKING ANY PRODUCTIVE RE-STRUCTURING OF HEALTH COVERAGE MORE AND MORE DIFFICULT.

I UNDERSTAND THAT SENATOR DURENBURGER AND OTHER MEMBERS OF THE SENATE FINANCE COMMITTEE ARE WORKING ON A REVISION OF UTILIZATION REVIEW BASED ON PERFORMANCE STANDARDS. I WILL BE INTERESTED IN THEIR DECISIONS. I HOPE THAT THEY WILL TURN TO THE RECOMMENDATIONS OF THE INSTITUTE OF MEDICINE'S STUDY THAT WAS REQUESTED BY MY COMMITTEE AS A STARTING POINT, AND THAT THE PROPOSALS FOR REIMBURSEMENT REFORM WILL INCLUDE A REVIEW OF DATA ON PUBLIC AND PRIVATE PATIENTS.

IN THESE DEBATES--AS WELL AS IN SUCH AREAS AS PRIMARY CARE PHYSICIANS, H.M.O.'S, AND PREVENTIVE HEALTH CARE--HOSPITALS AND PHYSICIANS PROVIDE A GREAT DEAL OF RESISTANT INERTIA. THE A.H.A. AND THE A.M.A. HAVE WORKED PERSISTENTLY AGAINST REGULATION AND PLANNING, AND THEIR OPPOSITION IS UNDERSTANDABLE: WITHOUT CONTROLS OF ANY SORT, HEALTH CARE REVENUES ARE IN MANY WAYS RECESSION PROOF. PEOPLE WILL ALWAYS GET SICK, AND INSURANCE WILL OFTEN PAY.

UNLESS BUSINESS GROUPS CAN GENERATE LEGITIMATE ATTENTION TO THE COSTS OF HEALTH CARE, PROVIDERS WILL MAINTAIN THEIR SYSTEMS AND COSTS TO EVERYONE WILL CONTINUE TO GROW.

FINALLY, I MUST TAKE THIS OPPORTUNITY TO REMIND YOU THAT THE SUBCOMMITTEE THAT I CHAIR HAS JURISDICTION OVER ENVIRONMENTAL PROGRAMS, MOST NOTABLY THE CLEAN AIR ACT. I DO NOT CONSIDER THIS JURISDICTION TO BE A RANDOM ASSIGNMENT OF LAWS: THE CLEAN AIR ACT IS ONE OF THE MOST IMPORTANT PREVENTIVE HEALTH MEASURES EVER ATTEMPTED.

ITS BENEFITS ARE NOT ORNAMENTAL OR AESTHETIC. ITS BENEFITS ARE DISEASES AVERTED, ADDED DAYS AND YEARS OF PRODUCTIVITY, AND SAVINGS IN MEDICAL AND HOSPITAL COSTS.

UNFORTUNATELY MOST BUSINESS REPRESENTATIVES WHO COME TO CAPITOL HILL WANT TO WEAKEN THE LAW, DISCUSSING ONLY THE COSTS OF FILTERS AND NEW TECHNOLOGIES. I WOULD ENCOURAGE YOU--AS BUSINESS PEOPLE CONCERNED WITH HEALTH COSTS--TO CONSIDER THE HEALTH BENEFITS IN THE DOZENS OF COST/BENEFIT RATIOS, AND TO CONSIDER THE DIRECT COSTS OF POLLUTION TO YOUR HEALTH PROGRAMS. ONLY WHEN INDUSTRY SPOKESMEN BEGIN TO RECOGNIZE THIS SPECIFIC LINE ITEM EXPENSE CAN WE DEAL WITH CLEAN AIR EFFICIENTLY AND PRODUCTIVELY.

I UNDERSTAND THAT IT IS SOMETIMES DIFFICULT TO SUPPORT SOME REGULATIONS WHILE OPPOSING OTHERS. I UNDERSTAND THAT IT IS PERHAPS EASIER TO DISMISS INTERVENTION IN THE MARKETS ALTOGETHER. BUT RHETORIC TO THE SIDE, NEITHER THE PUBLIC SECTOR NOR THE PRIVATE SECTOR

15
CAN AFFORD TO DEAL WITH EITHER HOSPITAL OR CLEAN AIR COSTS IN A
"BUSINESS-AS-USUAL" MANNER. WE HAVE LOST PROFITS AND REVENUES AND
LIVES, AND WE CAN NO LONGER AFFORD IT.